

Message Text

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S E C R E T SECTION 1 OF 2 SINGAPORE 5613

LIMDIS

CINCPAC FOR POLAD

E.O. 11652: GDS
TAGS: ASEAN
SUBJ: FOREIGN MINISTER RAJARATNAM'S COMMENTS ON ASEAN AND
OTHER REGIONAL DEVELOPMENTS

REF: SINGAPORE 5275

SUMMARY: RAJARATNAM PORTRAYED THE THREE HIGH LEVEL MEETINGS
BETWEEN PRIME MINISTER LEE AND SUHARTO, THANIN, AND HUSSEIN
ONN RESPECTIVELY AS OPPORTUNITIES FOR SINGAPORE TO REITERATE
THE NEED FOR TANGIBLE ECONOMIC PROGRESS IN ASEAN. THE GOS
ASSESSMENT IS THAT ALL THREE LEADERS WERE POSITIVE ON THAT
ISSUE AND ACCEPTED THE CONCEPT OF AT LEAST LIMITED ECONOMIC
INTEGRATION. ALTHOUGH THE MALAYSIAN FOREIGN MINISTRY IS
DRAGGING ITS FEET, HUSSEIN ONN JOINED THE OTHER HEADS OF
GOVERNMENT IN THEIR WILLINGNESS TO DISCUSS THE MODALITIES
OF ASEAN CONSULTATIONS WITH THE UNITED STATES. RAJARATNAM
SAID THE NEXT ASEAN SUMMIT MIGHT BE IN JUNE OR JULY, PROBABLY
IN KUALA LUMPUR. OF PARTICULAR NOTE ARE RAJA'S OBSERVATIONS
ON PM LEE'S ADVICE TO THANIN, ASEAN-SRV RELATIONS, AND HUSSEIN
ONN'S POLITICAL FUTURE. END SUMMARY.

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1. IN HOPES THAT FOREIGN MINISTER RAJARATNAM MIGHT BE AVAILABLE DESPITE HIS INVOLVEMENT IN SINGAPORE'S UPCOMING GENERAL ELECTIONS - RAJARATNAM IS OF COURSE ONE OF THE 69 PAP CANDIDATES - I ASKED FOR AN APPOINTMENT TO CALL ON HIM AND WAS DULY RECEIVED ON DECEMBER 14. MY PURPOSE WAS TO GET WHAT PERSPECTIVES I COULD CONCERNING THE RECENT HIGH-LEVEL CONTACTS BETWEEN PRIME MINISTER LEE KUAN YEW AND PRESIDENT SUHARTO, PRIME MINISTER THANIN, AND PRIME MINISTER HUSSEIN ONN, RESPECTIVELY.

2. RAJA WAS AS USUAL QUITE FORTHCOMING. HE IMMEDIATELY PUT ALL THREE HIGH-LEVEL MEETINGS INTO THE CONTEXT OF ASEAN, INDICATING THAT PM LEE WAS ATTEMPTING TO MOVE THE ORGANIZATION FORWARD AND TO SHOW SOME TANGIBLE ECONOMIC PROGRESS ON THE GROUNDS THAT ASEAN WAS THE ONLY THING GOING IN THIS REGION WHICH COULD STAND UP TO HANOI. AS RAJA DESCRIBED IT, ECONOMIC PROGRESS TO DATE HAD BEEN LESS THAN DESIRED DUE TO A JURISDICTIONAL PROBLEM IN TWO COUNTRIES, INDONESIA AND THE PHILIPPINES, BETWEEN THE "TECHNOCRATS" AND FOREIGN MINISTER MALIK IN THE CASE OF THE FORMER AND BETWEEN PATERNO AND FOREIGN MINISTER ROMULO IN THE CASE OF THE LATTER. RAJA SAID THAT THE BASIC ISSUE APPEARED TO BE A FEELING ON THE PART OF THOSE INVOLVED PRIMARILY WITH ECONOMIC MATTERS THAT THEY DID ALL THE WORK, AND THEN THE FOREIGN MINISTERS CAME ALONG AND TOOK ALL THE KUDOS. HOWEVER, THIS PARTICULAR PROBLEM APPEARED WELL ON THE WAY TO RESOLUTION.

3. ACCORDING TO RAJA, SUHARTO, THANIN, AND HUSSEIN ONN WERE ALL VERY POSITIVE ON THE SCORE OF THE NEED TO SHOW TANGIBLE ECONOMIC GAINS WITHIN ASEAN. SUHARTO WENT SO FAR AS TO AGREE NOT ONLY TO THE MOVING AHEAD WITH THE FIVE AGREED-UPON ASEAN PROJECTS, BUT ALSO ACCEPTED THE CONCEPT OF ECONOMIC INTEGRATION WITHIN THE ORGANIZATION, AT LEAST TO SOME EXTENT. THANIN WAS VERY ENTHUSIASTIC, AND HUSSEIN ONN WAS ALSO POSITIVE ON THIS SCORE.

4. RAJA STATED THAT IN CONVERSATIONS WITH ALL THREE LEADERS, PM LEE HAD SPOKEN ON THE DESIRABILITY OF INITIATING ASEAN CONSULTATIONS WITH THE UNITED STATES. RAJA OBSERVED THAT AS A RESULT OF MY LAST CONVERSATION WITH HIM (REFTEL) SINGAPORE UNDERSTOOD IT WAS UP TO THE ASEAN MEMBERS TO TAKE THE INITIATIVE,

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AND PM LEE HAD PROPOSED THAT THIS NOW BE DONE, FOCUSSED UPON ISSUES SUCH AS STEPS WHICH THE U.S. MIGHT TAKE TO ENCOURAGE (OR AT LEAST NOT INHIBIT) U.S. PRIVATE INVESTMENT IN THE ASEAN REGION, AND ALSO WHAT THE U.S. MIGHT DO TO ACCEPT MORE ASEAN PRODUCTS EITHER UNDER GSP OR SOME OTHER TARIFF ARRANGEMENT. SUHARTO AND THANIN HAD AGREED WITHOUT QUESTION ON THE DESIRABILITY OF OPENING DISCUSSIONS WITH THE U.S., BUT WHILE HUSSEIN ONN AND THE MALAYSIAN MINISTRY OF FINANCE WERE PREPARED TO GO

ALONG, THE MALAYSIAN FOREIGN MINISTRY FOR SOME REASON WAS DRAGGING ITS FEET. IN RAJA'S OPINION, THE MFA'S RELUCTANCE WAS PROBABLY DUE TO FALL-OUT FROM THE PETRONAS-EXXON NEGOTIATIONS (SEE BELOW). HUSSEIN ONN HAD IN ADDITION ORIGINALLY SUGGESTED THAT THE TALKS BE OF AN UNPUBLICIZED NATURE BUT LEE HAD POINTED OUT THAT SINCE ASEAN'S TRADE WAS MAINLY WITH THE EC, JAPAN, AND THE U.S., THE EXISTENCE OF SUCH DISCUSSIONS MIGHT JUST AS WELL BE MADE PUBLICLY KNOWN.

5. RAJA DESCRIBED THE ATMOSPHERICS DURING ALL THREE MEETINGS AS VERY GOOD. PM LEE HAD BEEN ABLE TO SMOOTH SUHARTO'S IRRITATION OVER SINGAPORE'S POSITION ON EAST TIMOR; LEE HAD TOLD SUHARTO THAT WHILE SINGAPORE COULD NOT RETREAT FROM ITS PUBLIC POSITION IT PRIVATELY ACCEPTED EAST TIMOR'S INTEGRATION INTO INDONESIA AS AN ACCOMPLISHED FACT AND WOULD CERTAINLY NOT OBJECT TO THE INCLUSION OF TIMORESE AMONG INDONESIAN DELEGATES TO THE COLOMBO PLAN STAFF COLLEGE OR OTHER SIMILAR GROUPINGS. LEE HAD ALSO PLEASED SUHARTO BY EXPRESSING SINGAPORE'S WILLINGNESS TO INVEST IN BATAM ISLAND DEVELOPMENT AND IN PROVIDING IN A FORMAL, RATHER THAN UNOFFICIAL MANNER, SINGAPORE-INDONESIAN TRADE STATISTICS. IN PROVIDING THESE STATISTICS, THOUGH, THERE WAS ONE CAVEAT: THE INDONESIANS HAD TO UNDERTAKE TO PUT THE FIGURES INTO CONTEXT SO THAT SINGAPORE WOULD NOT APPEAR TO BE DERIVING UNDUE ADVANTAGE OUT OF ENTREPRENEUR TRADE WITH INDONESIA.

6. DURING THE VISIT OF THE INDONESIAN DELEGATION TO SINGAPORE FOR THE LEE-SUHARTO DISCUSSIONS, THE SUBJECT OF SECURITY HAD COME UP AT THE WORKING LEVEL. RAJA REPORTED THAT HE HAD SPENT SOME TIME DISSUADING SOME MEMBERS OF THE INDONESIAN DELEGATION FROM PROPOSING THAT ASEAN BE TURNED INTO A REGIONAL SECURITY GROUP. HE HAD FOUND THESE INDONESIANS FAR MORE INTERESTED IN SECURITY THAN THEY WERE IN ECONOMIC DEVELOPMENT.

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7. DURING PM LEE'S CONVERSATIONS WITH THANIN, LEE IN EFFECT TOOK THANIN BY THE HAND AND GUIDED HIM INTO A MORE REALISTIC APPRAISAL OF THE INTERRELATIONSHIPS BETWEEN ASEAN AND THE SRV, AS WELL AS GIVING HIM ADVICE ON HOW INTERNAL THAI DEVELOPMENTS MIGHT BEST BE HANDLED. AS FAR AS HANOI WAS CONCERNED, LEE POINTED OUT THAT THERE WAS LITTLE TO BE GAINED BY ENGAGING IN RADIO BROADSIDES, AND THAT ENERGY MIGHT BETTER BE SPENT IN CONCENTRATING ON INTERNAL MATTERS. ASSURING ECONOMIC PROGRESS WAS 80 PERCENT OF THE GAME, AND IF THIS OBJECTIVE COULD BE ACHIEVED OTHER PROBLEMS WOULD FALL INTO LINE. LEE STRESSED THE RELATIONSHIP BETWEEN A STABLE INTERNAL ENVIRONMENT AND CALMER ATTITUDE TOWARD VIETNAM AND INCREASED FOREIGN INVESTMENT.

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8. A GRANDIOSE SCHEME PUT FORWARD BY THANIN WAS THE ESTABLISHMENT OF A NEW ORGANIZATION WITH THE SOUTHEAST ASIAN COUNTRIES AS ITS CORE TO RIVAL THE NON-ALIGNED MOVEMENT. LEE HAD DISSUADED THANIN FROM THIS CONCEPT, SAYING THAT ASEAN WAS ALREADY A GOING CONCERN AND ITS CONSOLIDATION WOULD CARRY FAR MORE WEIGHT THAN ANY NEW ORGANIZATION. IN ANY EVENT, THE NAM "WASN'T WORTH A GRAIN OF SALT", AND THE ONLY REASON THAT SINGAPORE BELONGED TO IT WAS "BECAUSE IT WAS THERE". THE NUMBER AND DIVERSITY OF ITS MEMBERS MADE ANY PRACTICAL ACHIEVEMENTS IMPOSSIBLE.

9. THANIN HAD ALSO SPOKEN IN TERMS OF MAKING SWEEPING CHANGES TO THE THAI ECONOMY; IN FACT UNDERTAKING A LARGE SCALE RE-ORGANIZATION. LEE HAD URGED A MUCH MORE MODEST INTERNAL ECONOMIC PROGRAM, CONCENTRATING ON A FEW AREAS SUCH AS PUBLIC HOUSING AND TRAFFIC CONTROL WHERE TANGIBLE PROGRESS COULD BE MADE WITHIN A COMPARATIVELY SHORT PERIOD. AS PM LEE HAD PUT IT, IF WITHIN A YEAR OR TWO A THAI DRIVING FROM HIS HOME TO WORK IN THE MORNING COULD SEE NEW HOUSING GOING UP (NOT SINGAPORE STYLE HIGH RISES BECAUSE LAND WAS PLENTIFUL) AND IMPROVED TRAFFIC CONDITIONS, HE WOULD FEEL THAT THE NEW
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GOVERNMENT WAS ACCOMPLISHING SOMETHING AND WOULD BE AROUND FOR A WHILE. THANIN AGREED AND ASKED FOR SINGAPORE'S HELP. THIS HELP WOULD BE FORTHCOMING.

10. I QUESTIONED RAJA ON SINGAPORE'S PROGNOSIS OF HUSSEIN ONN'S POLITICAL FUTURE BASED ON THE LEE-HUSSEIN ONN TALKS, AND RAJA REPLIED BY GIVING AN ESTIMATE THAT HUSSEIN ONN WAS PROBABLY POLITICALLY SECURE "FOR THE TIME BEING". WHILE THERE WERE A NUMBER OF LOWER-LEVEL CONTENDERS FOR THE PRIME MINISTERSHIP, INCLUDING GHAZALI, MAHATHIR, MUSA HITAM, AND EVEN HARUN DESPITE THE PRISON SENTENCE PENDING AGAINST HIM, THESE FOUR WERE SO DEEPLY INVOLVED IN MANEUVERING AMONG THEMSELVES TO SEE WHO WOULD BE THE ONE TO CHALLENGE HUSSEIN ONN THAT THEY WERE LEAVING THE LATTER ALONE. MOREOVER, IF ONE OF THEM GOT TOO STRONG THE OTHERS WOULD PROBABLY UNITE AGAINST HIM. THIS LEFT HUSSEIN ONN LATITUDE TO CARRY OUT HIS OWN PROGRAM IN HIS SLOW BUT METHODOICAL WAY.

11. ONE THING WHICH HUSSEIN ONN WAS DOING, RAJA NOTED, WAS TO BACK AWAY FROM POLICIES WHICH HAD BEEN SET BY RAZAK ON THE ADVICE OF MALAY LEFTISTS AROUND HIM WHICH HAD SERVED TO DISCOURAGE FOREIGN INVESTMENT AND CREATE INTERNAL TENSIONS. THE LONG IMPASSE BETWEEN PETRONAS AND THE FOREIGN OIL COMPANIES WAS AN OUTGROWTH OF THESE POLICIES, WHICH RAJA ATTRIBUTED IN PART TO PERSONNEL IN THE MALAYSIAN MINISTRY OF FOREIGN AFFAIRS. WHEN A SETTLEMENT WAS REACHED (PARTICULARLY WITH EXXON) AS A RESULT OF HUSSEIN ONN'S PERSONAL INTERVENTION, THE ANTI-AMERICAN, ANTI-WEST SENTIMENTS OF THESE PEOPLE WERE AROUSED, AND THEY WERE RETALIATING BY HOLDING BACK ON THE INITIATION OF ASEAN-U.S. ECONOMIC DISCUSSIONS. APROPOS OF HUSSEIN ONN'S BACKING AWAY FROM POLICIES SET BY RAZAK, RAJA QUOTED HIM AS TELLING PM LEE THAT HE HAD BEEN ADVISED UPON TAKING OFFICE TO BE NICE TO HANOI AND THE NORTH VIETNAMESE WOULD THEN "COME AROUND"; HE, HUSSEIN ONN, HAD NOW BECOME CONVINCED THAT THIS WOULDN'T HAPPEN IN A HUNDRED YEARS AND ACCORDINGLY HE HAD TWICE TAKEN THE OPPORTUNITY DURING MADAM BANDARANAIKE'S VISIT TO "INSULT" HANOI (NOTE: THIS PROBABLY MEANT SPEAKING IN CRITICAL TERMS ON SOME ASPECTS OF SRV POLICY).

12. ON SINGAPORE'S OWN RELATIONS WITH HANOI, I RECALLED THAT FOLLOWING PHAN HIEN'S VISIT LAST AUGUST RAJA HAD TOLD ME

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HANOI WOULD SEND A DELEGATION TO SINGAPORE BY THE YEAR'S END TO DISCUSS OPENING DIPLOMATIC RELATIONS AND INCREASING SRV-SINGAPORE TRADE. RAJA COMMENTED THAT SEVERAL OVERTURES HAD

BEEN RECEIVED FROM HANOI TO THIS END, BUT THAT "WE'RE IN NO HURRY". HE HAD STALLED OFF THE QUESTION OF DIPLOMATIC RELATIONS BY PLEADING PREOCCUPATION WITH THE GENERAL ELECTIONS; THE TRADE ISSUE HAD BEEN ADDRESSED BY SENDING A MISSION FROM INTRACO (SINGAPORE'S STATE TRADING COMPANY) TO HANOI. A VIETNAMESE REPRESENTATIVE HAD ALSO COME TO SINGAPORE FOR TALKS WITH THE FRENCH OIL COMPANY, COMEX. RAJA FORESAW NO FURTHER MOTION ON DIPLOMATIC RELATIONS BEFORE 1977.

13. REVERTING TO THE THEME OF ASEAN DISCUSSIONS WITH THE U.S. ON ECONOMIC MATTERS, RAJA SAID HE BELIEVED THAT IF THREE OR FOUR COUNTRIES WENT AHEAD, THE REST WOULD ULTIMATELY GO ALONG AS WELL. RAJA EXPRESSED THE OPINION THAT FRUITFUL SUBSTANTIVE DISCUSSIONS WITH THE U.S. COULD NOT TAKE PLACE UNTIL THE CARTER ADMINISTRATION HAD READ ITSELF IN, BUT FELT THAT PRELIMINARY SOUNDINGS AT THE WORKING LEVEL MIGHT TAKE PLACE.

14. WINDING UP OUR DISCUSSION, RAJA SAID THAT THE ASEAN MEMBERS WERE NOW HOPING TO HOLD A SUMMIT MEETING NEXT JUNE OR JULY. THE SUMMIT WOULD BE PRECEDED BY A MINISTERIAL MEETING, WHICH WOULD THEN BLEND WITH THE HIGHER-LEVEL TALKS. THE PURPOSE OF THIS SUMMIT WOULD BE TO ASSESS WHAT PROGRESS ASEAN HAD ALREADY MADE IN ECONOMIC MATTERS, AND SET THE STAGE FOR FURTHER ONWARD MOTION. FOR THE SUMMIT TO CARRY WEIGHT, HOWEVER, IT WAS VERY NECESSARY THAT CONCRETE ACHIEVEMENTS COULD BE POINTED TO, AND THIS WAS WHAT THE ASEAN COUNTRIES WOULD BE CONCENTRATING UPON IN THE PERIOD PRIOR TO THE SUMMIT. THE SUMMIT VENUE WOULD PROBABLY BE KUALA LUMPUR; SINGAPORE DID NOT WISH TO PLAY HOST FOR FEAR THAT IT MIGHT APPEAR THAT IT MIGHT BE PLAYING TOO DOMINANT A ROLE.

15. COMMENT: STIMULATION OF ASEAN ECONOMIC PROGRESS HAS CERTAINLY BECOME A PRIMARY FOREIGN POLICY GOAL FOR SINGAPORE. SOME SUCCESS IS EVIDENTLY BEING ACHIEVED, BUT A GREAT DEAL MORE NEEDS TO BE DONE TO SHOW POSITIVE RESULTS. AS DEMONSTRATED BY SINGAPORE'S CAUTION ON NOT WISHING TO HOST THE NEXT ASEAN SUMMIT, THERE IS SOME REALIZATION HERE THAT BY USING TOO HEAVY A HAND IN STRIVING FOR ECONOMIC PROGRESS SINGAPORE
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COULD DEFEAT ITS OWN PURPOSES. NEVERTHELESS, AS SUGGESTED BY RAJA'S ACCOUNT OF PM LEE'S TALKS WITH HIS OPPOSITE NUMBERS, THE PM STILL HAS A TENDENCY TO TALK DOWN TO THEM. MANILA'S 19360 (JUST RECEIVED) INDICATES THAT MOMENTUM FOR ASEAN-U.S. ECONOMIC DISCUSSIONS IS BUILDING UP RAPIDLY. HOLDRIDGE

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